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Summary record of the 18th meeting
Held at Headquarters, New York, on Monday, 7 December 2009, at 10 a.m.

Chairman: Mr. Maurer ..... (Switzerland)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Ms. McLurg

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The meeting was called to order at 10.10 a.m.

Agenda item 132: Proposed programme budget for the biennium 2010-2011

Construction of additional office facilities at the Economic Commission for Africa in Addis Ababa and the United Nations Office at Nairobi (A/64/7/Add.12 and A/64/486)

1. **Ms. Van Buerle** (Director, Programme Planning and Budget Division), recalling the concerns expressed by the General Assembly in its resolution 63/263 in connection with the construction projects at the United Nations Office at Nairobi and the Economic Commission for Africa, said that the Department of Management had conducted a review of the two projects in February 2009. The report of the Secretary-General (A/64/486) contained the outcome of that review and a final update on the completed modernization work at the United Nations Offices at Nairobi and Vienna.

2. The construction work in Nairobi had benefited from increased guidance and coordination from United Nations Headquarters, a reinforced local project management team and the establishment of a senior-level management working group reporting to the Director-General of the Office. The conference facilities modernization project had been completed in January 2009, on time and within budget, and the building of new office facilities should be finished at the end of 2010.

3. The local project management team at the Economic Commission for Africa was being strengthened and would henceforth report to the Director of the Commission's Division of Administration. A senior-level management working group was also being established. The recent completion of the boundary wall at the site would ensure security prior to construction. Following the halting of the initial bidding process for the construction of additional office facilities, as a result of the March 2009 Procurement Task Force report, new value-engineered construction documents and a request for proposals had been issued in September 2009. Technical evaluation of the four bids received were under way. A selection recommendation would be made in December 2009 and it was planned to award the contract in February 2010.

4. In 2009, the conference facilities projects at the United Nations Offices at Nairobi and Vienna had been completed on time and within budget. Progress had been made on the construction of additional office facilities at the United Nations Office at Nairobi and the Economic Commission for Africa. The proposals regarding the role of Headquarters in providing guidance in connection with overseas properties, detailed in document A/64/6 (Sect. 28D)/Add.1 and introduced at the Committee's 17th meeting, would further help to promote completion of the projects in progress in Nairobi and Addis Ababa.

5. **Ms. McLurg** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/64/7/Add.12), said that the arrangements put in place following the management review of the construction project at the Economic Commission for Africa should result in completion on schedule and that the progress made towards full completion in 2011 of the construction project at the United Nations Office at Nairobi was positive. The Advisory Committee believed that lessons learned during the implementation of the capital master plan should be applied to both construction projects, and recommended that the General Assembly should take note of the report of the Secretary-General on those projects.

6. **Mr. Yousif** (Sudan), speaking on behalf of the Group of 77 and China, said that his Group had previously expressed its concern at the delays, insufficient coordination and guidance from Headquarters and poor management of the construction projects at the Economic Commission for Africa and the United Nations Office at Nairobi. Lack of internal controls and proper accountability had exposed the Organization to significant potential risk. The management reviews undertaken were an acknowledgment of those risks.

7. The Group welcomed the completion of the conference facility projects at the United Nations Offices at Nairobi and Vienna. It trusted that the remaining difficulties with the project at the Economic Commission for Africa, including duty- and tax-free status and the building of an alternative access road, would be resolved rapidly, and that the remaining work at the United Nations Office at Nairobi would be completed on time. It acknowledged the contributions

of the Governments of Austria, Ethiopia and Kenya to ensuring the success of the projects.

8. **Mr. Tessema** (Ethiopia) said that Ethiopia's rapid economic growth had led to customs and taxation reforms including, from 2008, a 15 per cent rate of value added tax on certain works and on imported and locally purchased materials, which would potentially affect the construction project at the Economic Commission for Africa. The issue had been successfully resolved by introducing a voucher system for the purchase of goods and services free of value added tax. The local authorities had endeavoured to work with the Economic Commission for Africa regarding the construction of an alternative access road and the relocation of utilities. Only the matter of telephone line installation remained to be resolved.

9. His delegation was concerned at the delays to the construction tender process caused by the bids received exceeding the available budget, which had not been revised since 2005. It wished to point out that rapidly changing macroeconomic conditions had obliged bidders to incorporate adjustments into their bids in advance, and hoped that that factor would be accommodated when reviewing the status of the project.

The meeting rose at 10.30 a.m.